

Policy Committee Annual Retreat

Minutes 6-17-99

SEUALG - Price

Called to Order by Chairman Mitchell at 8:45 a.m.

In attendance:

NAME	REPRESENTING	NAME	REPRESENTING
DeMar Mitchell	WFRC	Ken Sizemore	FCAOG
Lou Ann Christensen	BRAG	Pauline Zvonkovic	HUD
Paul Clark	SEUALG	Lane Nielson	WFRC
Doug Evans	MAG	Steve Browne	MAG
Ted Kappen	UBAG	Richard Walker	CDBG
Chesley Christensen	SCAOG	Sheila Peterson	CDBG
Howard Pryor	FCAOG	Keith Heaton	CDBG
Debbie Hatt	SEUALG	Glenna Matekel	CDBG
Shirleen Lowry	SCAOG	Art Peterson	CDBG
Elaine Murphy	FCAOG		
Laurie Brummond	UBAG		
Jay Aguilar	BRAG		

Welcome and Introduction

Chairman Mitchell welcomed everyone to the annual retreat of the CDBG Policy Committee and thanked the Southeastern AOG for their hospitality and efforts in hosting the retreat.

Minute Approval - February 25, 1999

Mayor Clark made a motion to approve the minutes of the February 25, 1999, Policy Committee meeting as prepared.

Mayor Christensen seconded the motion. Motion carried.

Overview of the CDBG Program for 2000-01

Richard Walker explained the purpose of the policy retreat for the benefit of new members. From this meeting the direction of the committee is incorporated into the Application Guide for the program year 2000-01.

This document will be prepared in draft by August 1, 1999 and sent to policy committee members for their review.

Richard Walker suggested it would be worthwhile for policy committee members to make contact with their

Potential Federal cutbacks:

Richard discussed recent information from HUD with respect to potential budget cuts in the upcoming legislative session. Initial information indicated cuts could be as significant as 30%. In anticipation of these potential reductions in funding, a meeting was organized by the State staff/hosted by the HUD office and Entitlement Cities were invited to attend. The outcome of this meeting was an invitation to congressional delegation members or their representatives to attend a short meeting to provide them with information about the CDBG program and its accomplishments. There were representatives present from each congressional office with the exception of Senator Bennett's, whom state staff met with personally. Subsequent to the congressional meetings, additional information was sent to contact persons in each of the congressional offices in Washington, for their information.

respective representatives to let them know the impact a 20-30% funding cut would have in their region.

Councilwoman Christensen suggested that each AOG draft a letter to be sent on behalf of the region, as well as a collective letter on behalf of the policy committee.

Lane Nielson suggested that it would be helpful to know the total allocation (state & entitlement cities) that the State of Utah received for the 1999-2000 program year. Pauline Zvonkovic from the HUD office will compile this information and it will be forwarded to Richard and to CDBG staff in the Regions for their use in preparing correspondence.

IDIS:

As discussed previously, the concept of the Integrated Disbursement Information System (IDIS) is good, but the execution has not been good, as far as states are concerned. The Dept. of Housing & Urban Development would like the states to be on-line with IDIS. States do not need to comply until all of the technology is functional. It is likely that this will not be the case until at least December.

Richard informed the group that there will be some comprehensive "consolidated plan" training by a new person out of the Denver Office of HUD. Recommendations have been made for specific information related to states as opposed to entitlement communities in the training session. The request was made for that training to take place August 4 & 5. There will be further information.

FYI: These dates have now been changed to August 25 & 26.

State Staff - R&R Meetings

Richard explained that staff sense some reservations in some regions about participating in rating & ranking meetings. The rationale behind state staff sitting in on the meetings is to give them a greater understanding of the projects. Also, if there is a technical or policy question which arises regarding the application, it could be addressed in the meeting. Richard requested that the policy committee place language in the application guide stating that state staff be allowed to attend rating and ranking meetings. There was discussion from each region as to their rating & ranking processes after which **Mayor Christensen made the motion to place language in the application guide that State CDBG staff are available to assist and are allowed to attend any of the** Richard explained that early on HUD did not want to get

rating and ranking meetings if desired.

Councilwoman Christensen seconded the motion. Motion carried.

1% TA Authorization

Keith Heaton informed the group that an application for a special Rural Development Grant (\$575,000) was submitted to HUD by Richard Walker in response to a Notice of Funding Availability (NOFA). The funding was requested to conduct economic development training for low income individuals, especially micro-enterprises; and potential virtual incubator programs. The money requires a match from the applicant. In light of that requirement it was requested that authorization be given to set-aside 1% of next year's allocation (in years past this has been approximately \$10,000 per region for a \$70,000 total) to use as match. If the grant is not awarded, then the funds would still be available to the regions to use as they wish, within the limitations that Congress requires. If it is funded, then it would still go to the regions, but be directed specifically toward helping low and moderate income persons to access training and technical assistance to assist them in developing business plans and participate in training sessions.

Commissioner Kappen made the motion to approve the set-aside requested.

Mayor Christensen seconded the motion. Motion carried.

Categorical Grant Programs:

Richard noted that in some regions public service grants are not perceived as being as important as community development projects. Public Service is an eligible activity to help pay the costs associated with providing services, i.e. salaries, operating expenses, overhead, supplies, etc. This type of project is virtually 100% LMI benefit, because everyone who participates has to meet low/moderate guidelines to receive the service. The AOG representatives made a clarification that they are not less important, but that there are other funding sources available for these programs. Also, public service grants seem to require on-going funding. Most regions prefer projects that begin and end as quickly as possible.

involved in public service grants for the same reason. It

now appears there is a change in HUD's thinking and it does not see a problem in on-going funding for public service programs. Richard stated by setting up a "categorical program" for public service grants it would decrease the amount of funding available for other projects, but it would also eliminate public service grants from competing with "brick and mortar" projects.

Councilwoman Christensen stated that non-profits can provide better public service programs because they can use the CDBG funds as match to get additional grants and in many instances leverage 5-6 times the amount of money for the project, plus it truly serves low and moderate income individuals.

Ken Sizemore stated that public service programs are already eligible under the CDBG guidelines and there really isn't anything more we need to do to make them more eligible, except communicate better with applicants that could be eligible. He also made note that the Five County Region addresses public service programs through other funding sources.

Richard responded that even though they can apply, and are eligible, in most cases they are a lower priority, the way the priorities are currently constituted. And, because of the rating and ranking criteria, public service programs do not apply because they can't compete; therefore, there are fewer public service project being generated.

Although Richard Walker suggested a public service set-aside at the state level the consensus of the attendees was that this should be a regional decision.

Councilwoman Christensen made the motion that each regional review committee have the discretion to create a public service categorical grant program if they choose.

Mayor Evans seconded the motion. Motion carried.

Consolidated Plan Implementation:

Richard indicated that we have been in the consolidated planning process for six years. He felt that communities have been buying into the system by simply doing a capital investment plan. This exercise has helped them Richard Walker talked about the types of CDBG projects that are being done and the reasons why they are being done: not to invoke Davis -Bacon, doing a project that has the least amount of influence on the environment, etc. The majority of CDBG projects are small projects to avoid these requirements instead of

secure CDBG and CIB monies, but hasn't really extended their overall planning in a comprehensive manner. The regions disagreed with this observation.

Richard pointed out that a consolidated plan has three components - community development, housing, and economic development components. If these components are pulled together, which is what HUD envisioned, it raises the communities awareness of all the issues that should be thought about. HUD wants to be able to see that a comprehensive or consolidated effort took place to identify all of the needs of a community across the board.

Pauline Zvonkovic stated the idea behind a consolidated plan is to start out with a thorough needs assessment and an analysis of the community. After you know your community, then conduct a thorough citizen participation program. Then you develop your rating and ranking when you can decide what your greatest needs are and how the money should be spent. She sees in many organizations that she deals with, that the process tends to be reversed. If the analysis is not articulated well in the plan, it appears to a reviewing agency that the application will be submitted anyway. This information is necessary to ensure that the project fits the criteria. The plan should communicate how the decisions were made to determine what the priorities are. It is hoped that CDBG is funding the highest priorities to whatever degree is functional.

Richard Walker suggested the plans include an indication as to the process used to develop the plan, in addition to just the capital investment list.

Councilwoman Christensen made the motion that each one of the AOG's review their consolidated plans and make sure there is enough information to satisfy the State requirements, as to the process used to determine priorities, and if the information is not sufficient the state office has the authority to request additional information.

Mayor Pryor seconded the motion. Motion carried.

Quality Project Initiative:

considering larger projects. Applicants don't think in the rating and ranking process they have a chance of getting a larger amount of money, which is probably a reality in a lot of instances. The purpose of bringing this before the policy committee was to discuss the changing of the philosophy from small, one-year

projects to larger or multi-year projects. Richard asked for the policy committee member's thoughts about doing some fairly dramatic changes in the program to allow this concept.

Ken Sizemore voiced his concern about committing to large multi-year contracts and how to respond when new projects appear on the radar scope.

Debbie Hatt had concerns about the small communities that do not have other sources of money to depend on.

Debbie asked Richard if he is asking the regions, to eliminate the county by county allocation that some regions work under. Richard responded that this may be necessary.

Keith Heaton asked if there was "room" for this type of shift in thinking at all, because it certainly wouldn't have to be all or nothing. No matter what was done it would be necessary to leave some room for the smaller projects.

Ted Kappen stated he thought it ought to be an option in each region because "the same shoes do not fit everyone". He does not want to mandate large projects.

Councilwoman Christensen noted that Jay Aguilar has been very creative in helping the governing board and the investment strategy council to come to some agreement due to the different priorities for each county. Finally, in the Bear River Region it was decided that the low to moderate income benefit should be the overriding factor. The cap in their region was raised to \$200,000 and the minimum allocation is \$30,000. Most of their projects are in the higher end now.

Jay Aguilar noted that sometimes they end up with smaller projects because of the match money that the Bear River requires in their region. The larger the project, the larger the match and some of the small communities cannot afford the match. Richard responded that match is a good thing for leveraging money, and for indication of commitment to the project; however, it is not a requirement of the CDBG program.

Richard noted that the policy in the application guide sets a three year limitation on multi-year contracts and that maybe this time frame needs to be extended.

There was significant concern regarding the security of future year's money in doing multi-year projects. Richard explained what HUD has told him: "If there are existing obligations and a problem occurs with HUD

funding (reduction/termination) HUD will pay off that obligation." Richard stated that this agenda item was for discussion - the encouragement of more larger, meaningful projects - and to promote over the next year that we think about how we can change the program to make it more effective, useable, and increase the variety of projects.

Jay Aguilar suggested that the state policy board make note of directions they are considering in the application guide.

Councilwoman Christensen made the motion that the state policy board make note of directions they are considering in the application guide.

Mayor Christensen seconded the motion. Motion carried.

Full-funding Requirement:

Sheila Peterson explained that the problem of rating and ranking committees allocating less than full funding requests to new applications is a subject which is brought up periodically for discussion. Sheila referred to wording approved by the policy board created to help reduce problems involving this issue (page 34 of the 99-2000 guide). Unfortunately, she said, when projects continue to be funded below their request, it can result in the original scope being reduced to such an extent that it ends up not being the project proposed, or ends up being only a partially completed project. It seems that #2, in the present criteria "**Fund it partially and require the applicant to secure all additional funds necessary to complete the project before making a grant award commitment,**" criteria creates the most problems. Therefore, the "full funding" issue is being raised again to consider revising the criteria to limit the reduction the full funding of projects and also eliminate the reduction of allocations to higher ranking projects, in order to fund projects that are good, but don't rank as high.

Lane stated that the issue really comes down to an education of and commitment from the RRC, because there is tendency to try to spread the money as far as it will go. As far as the criteria in the application guide, he is hesitant to reduce flexibility.

Jay Aguilar suggested that language be added to reflect that funding only be reduced in projects that can be phased and that are non-essential to meeting the national objective or the initial intent of the project.

After further discussion, Councilwoman Christensen made the motion that Criteria #2 be removed.

Mayor Christensen seconded the motion.

Discussion:

Mayor Christensen stated he does not have a problem with removing #2 because it prevents the RRC from spreading the money too thin.

Councilwoman Christensen suggested that the AOG staff could, in their review of the applications, suggest multi-year applications to the applicant where appropriate.

Jay Aguilar suggested the motion could be amended to allow the following language in the application guide, in order to give the rating and ranking committees additional options with the removal of Criteria #2:

“This section is included for the purpose of stimulating discussion and consideration at the local level. These ideas and issues have been deemed important by the State Policy Committee, but they are reluctant to impose or mandate a change at the local level which supercedes their own planning and deliberative processes. The regions may want to consider the following changes to their policies:

Large multi-year projects which allow the entire project to be funded adequately rather, than piece-meal over a number of years (this would eliminate the need for re-application each year).”

The motion was so amended and seconded. Motion carried with Commissioner Kappen and Mayor Evans voting against.

THE ABOVE AGENDA ITEM WILL AGAIN APPEAR ON THE AUGUST AGENDA.

Duchesne County - Firestation Emergency:

Richard Walker explained that a 99-2000 grant was awarded to Duchesne County for the construction of a Fire Station in the Tabiona Area. Unfortunately, the bids came in higher than anticipated, and it has become The proposal is to bring rail access out of Rangely, Colorado into the Deseret Generation Plant near Bonanza. Utah Railway has indicated interest in this project, but needed a commitment of 3 million tons of freight per year to justify their investment in a short line

necessary to make an emergency request. Laurie Brummond noted that this project was the third highest ranked project in the Uintah Basin this year. She explained that the Uintah Basin Regional Review Committee were meeting this same date and were expected to have discussion regarding this emergency request. The fire station will also house the ambulance for the Duchesne County Hospital (Uintah Basin Medical Center). The initial amount being funded by CDBG is \$23,000, Duchesne County Hospital will be adding a \$15,000 cash match, and Duchesne County will be adding the amount of the cash sale of the existing fire station at \$25,000. The old station needs to be vacated by December and therefore an emergency request is being made for \$40,000, so that the new station can be completed.

Art Peterson informed committee members the balance in the emergency fund is \$110,500. It was clarified that the emergency authorization, if approved, would be paid back from 2000-01 UBAG allocation.

Councilwoman Christensen made the motion to approve the emergency fund request of \$40,000 to Duchesne County for the construction of the new fire station. This approval is contingent upon approval by the Uintah Basin Regional Review Committee that funds will be repaid from next year's allocation.

Commissioner Kappen seconded the motion. Motion carried.

Uintah Basin Railroad/Potash Project:

Richard Walker prefaced the discussion explaining the Uintah Basin has been a little bit slower in participating in the economic development boon that the State has experienced for the past few years. The Basin has significant natural resources, but have had limited opportunities to develop them. One reason being the lack of transportation infrastructure. There is a large deposit of phosphate located near Vernal which has 3400 acres of long-term renewable leases on state trust lands. All but 1100 of those acres have been evaluated (test drilled) and it has been determined that 3 million tons of high grade phosphate can be mined per year for 100 years. There are many uses for phosphate.

railroad to serve the area and this project in particular. In addition to having more than the minimum amount of needed freight, there is potential federal financing. The Federal Railroad Administration of the Dept. of Transportation has given encouragement to pursue

financing sources created by the Transportation Equity Act for the Twenty-First Century. To qualify for very low interest loans under the TEA -21 program the State and private partners would have to be part of the application structure. Utah Railway qualifies as the private partner. The application needs to be submitted by October 1.

The request is for a loan of \$50,000 to be used for an engineering study, to be reimbursed in October, 1999 when they get the money from the grant of federal funding and/or from private dollars. Richard has requested that the Uintah Basin Association of Governments evaluate this request through their revolving loan fund program. The obvious question is the security for the loan.

DCED has been told that their application is number one in the country for use of the funding because they have significant users who will use it, who will own it, and justified projections of freight for the line (which would be at capacity with the projection of output from the phosphate mine, not to mention other uses). There is some risk to loaning the \$50,000 because the grant from the Dept. of Transportation may not come through.

Richard Walker stated the revolving loan fund would be the quickest way to accommodate the request, but in the event that the AOG does not approve the loan, the policy committee could give authorization for an emergency fund loan, to be repaid with next year's allocation to the Uintah Basin.

Information was received during the meeting that the Uintah Basin Association of Governments Board unanimously voted to approve the request to authorize a \$50,000 loan from the revolving loan fund.

Mayor Pryor made the motion to guarantee the \$50,000 revolving loan from the emergency fund, if necessary. If the emergency fund has to pay the \$50,000 to make the revolving loan fund whole, then this \$50,000 would be taken from next year's allocation to the Uintah Basin.

Mayor Clark seconded the motion. Motion carried.

Rural Development Coordinating Organization:

Richard Walker informed the committee members that many states have a rural development council. A discussion paper was handed out indicating the purpose and benefit of such a council. An organization would need to be developed. Utah has a rural development coordinating council that could be the

springboard agency. A council of this type eases the application process for comprehensive funding of a project. There are federal funds available to help in the administrative/oversight functions of this type of council. The intent in bringing this before the policy committee was to ask if members would like staff to pursue this concept.

Chair Mitchell stated he thought it would be to CDBG's benefit to be involved from the beginning of the process.

Mayor Christensen made the motion that as members of the Community Development Policy Committee support the idea of creating a Rural Development Counsel and direct staff to pursue further information.

Mayor Evans seconded the motion. Motion carried.

Evaluation of Training Format:

Keith Heaton informed members that the format was changed for the 99-2000 workshops to involve participants to a greater degree, have small group breakout sessions, etc. The staff asked for input from committee members and AOG CDBG staff regarding this new format.

Overall, the workshop evaluations were positive. Participants indicated that they enjoyed breaking into the smaller groups, the interaction among one another and more hands on assistance from staff.

Mayor Evans noted that he attended one of the workshops and liked the format.

Elaine Murphy stated that she felt it would be better to conduct a training session in each region. This would be mean less travel time, less cost to the participants and would be easier for project managers to get away from their work. Richard stated that it is hard to justify sending 4 to 6 staff members to conduct a training session for 4 to 6 project managers.

Debbie Hatt indicated that the grantees in her region wanted to remain in her group because they felt if they had subsequent questions, it would be her they would call.

Keith noted that it is our goal to make this training as beneficial and educational as possible. The staff hope that this training evolves to be more engaging and practical. It is helpful to get input and receive

recommendations to improve the workshop.

Logan Convention Center Interim Loan Application:

This agenda item was postponed because the feasibility study had just been completed which indicates they should scale the project back from two phases to three; therefore, they were not prepared to present.

Interest Payback:

The issue of interest payback to HUD was addressed by Sheila Peterson. She indicated that any interest accrued of \$100.00 or more by CDBG grantees has to be returned to HUD; however, anything less than \$100.00 the agency does not want to process. She explained the action needed from the policy committee was a decision of what to do with funds returned in amounts less than \$100.00.

Mayor Evans made the motion to return these funds to the Emergency Fund.

Mayor Pryor seconded the motion. Motion carried.

HB 295:

Richard Walked explained that in January, 1999, he was asked by the Community and Economic Development legislative committee to determine the level of compliance with HB 295 - Moderate Income Housing Plans. Staff completed a 99.5% survey of all communities and counties to find out where in the process they were in developing these plans. The outcome of the survey indicated that 23% had completed and adopted it as part of their general plan. The legislative committee was upset that there was not greater compliance and passed a resolution requiring the Community Impact Fund and the Community Development Block Grant Program to come up with a requirement in their rating and ranking that would either penalize communities/counties who have not completed the plan or give benefits to those who have. Richard asked the committee how they would like to approach this requirement. Richard proposed some language and noted whatever the language is, it would need to be included in the State required rating and ranking systems, as a component, prior to their going into the Application Guide in September, 1999.

Mayor Clark noted that the legislature also reduced funding to the AOG's in the last session; funds that were being depended on to help in this effort to complete affordable housing planning.

Jay Aguilar is concerned if what he considers in some ways to be an excessive scope of work is done, for a small amount of money, then a precedent is set that the legislature will always expect, and the issue of unfunded mandates will never go away.

Ken Sizemore stated that affordable housing is very complicated and is not an issue that can be addressed simply by saying "we are going to promote affordable housing". There is a lot of work and education necessary and he does not understand why the legislature would pass a bill and cut funding to the AOG's at the same time, when the real solution to the problem would be for them to provide "state money" to the AOG's to help, especially small communities, learn what affordable housing is and adopt an affordable housing plan. He does not think anything should be done to satisfy the resolution.

After much discussion

Mayor Evans made the motion that the following language be adopted as the rating and ranking component in the individual systems:

"To further the objectives of the Moderate Income Housing Plan law (Public Law 10-9-307 and 17-27-307), applicants that apply for CDBG funds that will be used to implement the goals or objectives of their adopted affordable housing plan will receive bonus points in the rating criteria."

Mayor Clark seconded the motion. Motion carried with Councilwoman Christensen voting "no".

Memorandum of Understanding:

Richard Walker discussed the development of the Memorandum of Understanding (MOU) between The State of Utah, Department of Community and Economic Development and The Utah State Community Builders Office the U.S. Department of Housing and Urban Development. The Memorandum of Understanding defines the mutual roles and responsibilities of the Utah State Division of Community Development (DCD) staff and Utah HUD Community Builder (CB) staff in assisting those geographical areas of the state eligible to access and utilize the following HUD programs: Community Development Block Grant (CDBG); HOME, Special Needs Assistance Programs (SNAPS), Housing Opportunities for People With Aids (HOPWA), and Emergency Shelter Grant (ESG).

The scope of the MOU is limited to establishing the relationship between the DCD of the State of Utah and its many counties, cities and towns and related non-profit agencies within the above jurisdictions and specifically **all** of the HUD "Community Builders" assigned to the Utah State HUD Office.

Mayor Christensen made the motion to approve the DRAFT Memorandum of Understanding as presented.

Councilwoman Christensen seconded the motion. Motion carried.

The next meeting of the Community Development Policy Committee was scheduled for August 25, 1999, at 1:30 p.m. The meeting will be held at 324 So. State Street, Conference Room 501, Salt Lake City, UT.

The meeting was adjourned at 4:00 p.m.